United Nations ST/SGB/2010/5

Secretariat

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Secretary-General's bulletin

Establishment and operation of the Central Emergency Response Fund

The Secretary-General, pursuant to section 3.2 of Secretary-General's bulletin ST/SGB/1997/1, for the purposes of establishing a regime for the administration and management of the loan and grant components of the Central Emergency Response Fund, established in accordance with General Assembly resolutions 46/182 and 60/124, promulgates the following:

Section 1
Introduction and general provisions

Background

1.1 The Central Emergency Revolving Fund was established by the Secretary-General under his authority in accordance with General Assembly resolution 46/182. The Fund is used to make loans to eligible organizations, as defined in section 2.1 below, to ensure the rapid and coordinated response of those organizations to requests for emergency assistance. The loans are reimbursed to the loan element of the Fund as a first charge against the voluntary contributions received in respect of the programme or project to which the loan relates.

1.2 Pursuant to the report of the Secretary-General on the improvement of the Central Emergency Revolving Fund (A/60/432), the General Assembly, in its resolution 60/124, decided to add a grant element to make resources immediately available to support rapid response to humanitarian crises and to address critical humanitarian needs in underfunded emergencies. As an element of the Secretary-General's humanitarian reform package, the Fund should reinforce the realization of the other elements of the reform related to the strengthening of humanitarian leadership, partnership, coordination and response.

1.3 The loan and grant elements are implemented by the establishment of a general trust fund called the Central Emergency Response Fund.[1] Together, the loan and grant elements shall have an overall annual target of $500 million funded from voluntary contributions. The Fund's loan element shall continue to have a target

[1] The loan and grant elements of the Fund are administered separately. The title adopted by the General Assembly, namely the Central Emergency Response Fund, refers to both elements.

level of $50 million; the Fund's grant element shall have an annual target of $450 million to provide grants to eligible organizations, as defined in section 2.1 below.

Administration and management of the Central Emergency Response Fund

1.4 The administration of the loan and grant elements of the Fund shall be governed by the Financial Regulations and Rules of the United Nations.

1.5 The Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator (hereinafter referred to as "the Coordinator") shall have overall responsibility for funding decisions and programmatic management of the Fund, and ensure that funding decisions from the loan and grant elements are made in accordance with the present bulletin.

1.6 The Coordinator shall be supported by a secretariat and by other units of the Office for the Coordination of Humanitarian Affairs. The Coordinator shall regularly consult with members of the Inter-Agency Standing Committee established pursuant to General Assembly resolution 46/182 and with resident coordinators or the Resident/Humanitarian Coordinators, as appropriate, on matters relating to the utilization of funds in order to obtain guidance and support when determining priorities for their use.

Section 2
Eligibility

2.1 The United Nations, its funds, programmes and specialized agencies, as well as the International Organization for Migration, shall be eligible to apply for funds. The Office for the Coordination of Humanitarian Affairs shall not be eligible for grants from the grant element of the Fund; however, the Office shall continue to be eligible to obtain advances from the loan element.

Section 3
Loan element of the Central Emergency Response Fund

Objectives

3.1 In accordance with General Assembly resolution 46/182, the $50 million loan element of the Fund shall continue to act as a cash-flow mechanism to ensure a rapid and coordinated response to humanitarian emergencies. The loan element is aimed at strengthening humanitarian coordination efforts by ensuring that adequate preparedness measures are put in place to address humanitarian needs. The utilization of the loan element shall also be guided by General Assembly resolutions 48/57 and 56/107.

3.2 The Coordinator shall be responsible for determining the amount to be advanced in each situation and may, at the Coordinator's discretion, make advances up to the total amount of cash available in the loan element of the Fund. Advances from the loan element shall continue to be encouraged and, where possible, prioritized.

Conditions for the provision and reimbursement of loans

3.3 Following the application for a loan from an eligible organization, the Coordinator shall approve advances from the loan element of the Fund, guided by the following terms:

(a) A formal exchange of letters shall be concluded between the Coordinator and each eligible organization. The exchange of letters shall:

(i) Define the purpose and objectives of the programme or project for which the advance is to be made and the means by which they are to be achieved;

(ii) Specify the conditions that are to govern the financing and implementation of the programme or project;

(iii) Specify the amount of money to be made available from the Fund through a cost plan, the currency in which it will be paid and the purposes for which it is to be used;

(iv) Specify that the advance shall be repaid as a first charge on contributions received by the eligible organization in respect of the programme or project, in order to replenish the loan element of the Fund;

(v) Specify that the eligible organization shall furnish copies of written pledges in the amount of the loan, unless waived by the Coordinator on a case-by-case basis;

(vi) Specify that the loan shall be repaid within one year;

(vii) Provide that, should sufficient contributions not be received by the eligible organization within a period of one year, the provisions outlined in section 3.7 below would apply;

(b) The exchange of letters shall be transmitted by the Coordinator to the Controller to request the disbursement of funds to the eligible organization.

3.4 In exceptional circumstances involving particularly urgent emergencies, the Coordinator may authorize extraordinary advances from the loan element of the Fund prior to the determination of the conditions outlined in section 3.3 above. Any extraordinary advance must be followed within 30 days by the completion of a formal exchange of letters; otherwise, the advance shall become immediately due and repayable by the eligible organization.

3.5 If, in the view of the Coordinator, the response to the emergency situation would be adversely affected by the application of the reimbursement provision contained in section 3.3 (a) (iv) above, the advance may be extended under the same terms and conditions, provided that the Coordinator is satisfied that firm pledges have been made in respect of the programme or project in an amount sufficient to cover the amount advanced.

3.6 If, notwithstanding the completion of a formal exchange of letters, the eligible organization has not been successful in obtaining pledges sufficient to cover the amount advanced, reimbursements to the loan element of the Fund shall, subject to section 3.7 below, be delayed until such time as contributions in the necessary amount have been received.

3.7 If an eligible organization has failed to reimburse the loan element of the Fund within one year of the date of the advance, the Coordinator shall initiate measures to restore the balance of the loan. To that end, the Coordinator may:

(a) Appeal to donors to make specific contributions to the loan element to cover the amounts advanced;

(b) Require the eligible organization to repay the balance of the advance from its own resources;

(c) Request authority from the Controller for the utilization of such balances, including accumulated interest, of the loan element of the Fund as may exceed the target level of $50 million.

3.8 The Coordinator shall make every effort to obtain full reimbursement to the loan element of the Fund in respect of any outstanding advance within two years of the date of the advance. None of the measures set out in section 3.7 above shall be deemed a write-off of the loan, or portions thereof, as the authority for any write-offs is retained by the Controller, in accordance with the Financial Regulations and Rules of the United Nations.

Section 4
Grant element of the Central Emergency Response Fund

Objectives

4.1 The grant element of the Fund shall be used to provide grants to eligible organizations so as to ensure a more predictable and timely response to humanitarian emergencies, based on demonstrable needs and on priorities identified by the Resident Coordinator or Resident/Humanitarian Coordinator in consultation with the humanitarian country team, and the affected State, as appropriate. Specifically, the objectives of the grant element shall be to:

(a) Promote early action and response to reduce loss of life;

(b) Enhance response to time-critical requirements based on demonstrable needs;

(c) Strengthen core elements of humanitarian response in underfunded crises.

Grant components

4.2 To effectively address its objectives, the grant element shall be used primarily to provide immediate funding to ensure a rapid response to humanitarian, life-saving needs due to sudden-onset emergencies, time-critical crises or rapid deterioration of existing crises. In this regard, a minimum of two thirds of the grant element of the Fund shall be utilized to address humanitarian, life-saving needs for rapid response purposes. Subject to availability, a maximum of $30 million shall normally be applied to any one crisis requiring a rapid response.

4.3 In order to promote a more equitable response to humanitarian crises across the globe, the remaining funds from the grant element (up to one third) shall be utilized to provide grants to address core emergency humanitarian needs in chronically underfunded emergencies. While Resident Coordinators or Resident/Humanitarian Coordinators may request funds for rapid response purposes whenever the situation justifies such funding, access to grants for underfunded emergencies is limited to those contexts selected for an allocation by the Coordinator.

4.4 The Coordinator shall initiate appropriate action to identify priority underfunded emergencies eligible for grants, based on a review of demonstrable core humanitarian needs and consultations with members of the Inter-Agency

Standing Committee, eligible organizations, Resident Coordinators or Resident/Humanitarian Coordinators, humanitarian country teams and the affected State, as appropriate. In selecting eligible underfunded emergencies, the Coordinator shall consider trends of underfunding for core humanitarian programmes, including flows of humanitarian funding provided through bilateral channels and humanitarian aid flows not listed in consolidated or flash appeals.

4.5 Funding allocations for underfunded emergencies shall normally be made by the Coordinator twice a year, following the launch of the annual consolidated appeal and following the mid-year review of those appeals. This will enable the Coordinator to review the status of consolidated appeals, and of humanitarian emergencies that may not be subject to consolidated appeals.

Applying for grant funding

4.6 Resident Coordinators or Resident/Humanitarian Coordinators, in consultation with humanitarian country teams, shall determine priorities for the grant request based on recent needs assessments and on the response priorities as identified in consolidated or flash appeals or by the humanitarian country team for those countries where an appeal has not been launched, and after taking into account funding levels and operational capacity for implementation.

4.7 Eligible organizations shall first explore whether an advance from the loan element is a feasible option. Where appropriate, an eligible organization could apply for and receive a grant and a loan, in combination, in order to address humanitarian needs for a specific programme or project.

4.8 Resident Coordinators or Resident/Humanitarian Coordinators shall submit to the Coordinator a grant request, consisting of proposals with cost breakdowns developed by eligible organizations in response to humanitarian needs prioritized for funding, with due consideration to the different needs of women, girls, boys and men. When preparing a proposal for funding, eligible organizations shall take into account the implementation period for Fund grants as stipulated in section 4.14 below.

4.9 Requests for grants shall be primarily field-driven and address what in the context of that crisis constitutes humanitarian, life-saving needs. In exceptional circumstances, in particular those related to transboundary crises affecting multiple countries, the Coordinator may consider a request made directly by an eligible organization, provided that consultations have taken place with Resident Coordinators or Resident/Humanitarian Coordinators in the affected areas.

4.10 The Coordinator, supported by Resident Coordinators or Resident/Humanitarian Coordinators, shall ensure that grants provided to eligible organizations will not be intended to replace the existing humanitarian appeal mechanisms, which shall remain the primary humanitarian funding tool for emergencies, and shall ensure that no duplicate funding occurs for any programme or project.

Conditions for the provision of grants

4.11 Based on a review of the grant request, the Coordinator shall decide to approve humanitarian programmes or projects eligible for funding. Funding from the grant element shall be disbursed to the eligible organization according to the following terms and conditions:

(a) A formal exchange of letters shall be concluded between the Coordinator and each eligible organization. The exchange of letters shall:

(i) Define the purpose and objectives of the programme or project for which the grant disbursement shall be made and the means by which they are to be achieved;

(ii) Specify the conditions that are to govern the financing and implementation of the programme or project, inter alia, duration of grant, related programme support costs, the financial and narrative reporting required of the eligible organization, and return of unspent funds, including interest earned on the undisbursed balance, where applicable;

(iii) Specify the amount of funds to be made available from the Fund and the currency in which they will be paid;

(b) The exchange of letters shall be transmitted by the Coordinator to the Controller to request the disbursement of funds to the eligible organization for the programme or project approved by the Coordinator.

4.12 The eligible organization shall provide information and periodic reports in accordance with section 5.1 below. In accordance with the information provided by each eligible organization, the Coordinator shall ensure that no duplicate funding occurs for any programme or project.

4.13 In exceptional circumstances, the Coordinator may commit funds for an emergency to address urgent needs before the receipt of a grant request. The conditions outlined in section 4.11 above concerning the exchange of letters shall precede the disbursement of those funds.

Implementation period for grants

4.14 Eligible organizations shall ensure implementation of grants within the time period specified in sections 4.15 and 4.16 below. Implementation is defined as the completion of programmatic activities related to the grant, and the expensing of grant funds within an eligible organization's internal financial system.

4.15 Grants for rapid response shall provide an initial injection of funds to enable life-saving, humanitarian activities, which shall be implemented within six months following the disbursement of funds by the Fund's secretariat.

4.16 Grants for underfunded emergencies shall fund core emergency humanitarian activities, which shall be implemented by 31 December of the same calendar year for grants from the first round of allocations, and by 30 June of the following calendar year for grants from the second round of allocations.

4.17 In the event that a project or programme approved by the Coordinator is cancelled, suspended indefinitely before its completion or otherwise not implemented within the specified time frame, the eligible organization shall immediately contact the Coordinator and arrange a viable solution, which may include the return of funds, taking into account all agency legal obligations, or other solutions deemed appropriate by the Coordinator, including no-cost extensions.

Resources for the grant element of the Central Emergency Response Fund

4.18 For the purpose of replenishing the grant element, the Secretary-General may convene an annual pledging conference, in addition to holding other events.

Member States, the private sector, individuals and other entities, as deemed appropriate, shall be invited to participate and contribute.

Section 5
Accountability and oversight

Reporting

5.1 Eligible organizations shall take full responsibility for the use of and reporting on all funds disbursed under the Fund and shall comply with the following requirements:

(a) Financial reporting

(i) A preliminary financial report for each grant (or a consolidated report for multiple grants issued as one disbursement by the secretariat of the Fund) as at 31 December, certified by the chief financial officer or a duly authorized designated official as accurate and complete to the best of his/her knowledge, shall be submitted to the Controller not later than 15 February of the following year.

(ii) A final financial report for each grant (or a consolidated report for multiple grants issued as one disbursement by the secretariat of the Fund) as at 31 December, certified by the chief financial officer, shall be submitted to the Controller by 30 June of the following year.

(iii) Interim mid-year financial reporting requirements specific to funds disbursed for rapid response purposes shall be specified in the exchange of letters.

(b) Narrative reporting

(i) An annual narrative report produced at the headquarters level, as well as additional information on the use and results achieved (as needed) for reporting to the General Assembly, shall be submitted to the Coordinator in accordance with the deadlines set in the narrative reporting framework.

(ii) Inputs at the field level on the use of and results achieved with Fund resources shall be submitted to Resident Coordinators or Resident/Humanitarian Coordinators and the Coordinator, in accordance with the deadlines and processes set in the narrative reporting framework.

5.2 Resident Coordinators or Resident/Humanitarian Coordinators shall oversee the monitoring of and narrative reporting on projects funded by the Fund. In this regard, Resident Coordinators or Resident/Humanitarian Coordinators shall submit a narrative report on the use of such funds and results achieved with funding, based on inputs received from eligible organizations at the field level, in accordance with the deadlines and processes set in the narrative reporting framework.

5.3 The Secretary-General shall report with the regularity requested by the General Assembly to enable it to provide overall policy guidance and make recommendations to strengthen the functioning of the Fund, in accordance with Assembly resolutions 46/182 and 60/124.

Return of funds

5.4 Unless provided otherwise by its internal financial regulations and rules, the eligible organization shall return a portion of the unencumbered balance for each

grant with an expired implementation period, along with the interim financial statement for the grant. The portion of the unencumbered balance to be returned shall be specified in the exchange of letters. All remaining unspent funds for each grant shall be returned with the final financial report for that grant.

5.5 If any eligible organization fails to return unspent funds, fails to use Fund resources for the purposes for which they were approved, or fails to meet the financial or narrative reporting requirements described above, the Coordinator may decide to suspend further funding to that eligible organization.

Audits

5.6 Eligible organizations that have received a loan or a grant shall comply with their own financial regulations and rules, including their own internal and external auditing procedures and internal arrangements regarding audits of implementing partners. If an audit report contains observations specific to the contribution of the Fund, the eligible organization shall communicate the recommendations and the eligible organization's responses to the Coordinator.

Evaluations and other measures

5.7 The Coordinator shall commission independent, retrospective and substantive evaluations of the functioning and utilization of the Fund, as needed. The Coordinator also may decide to undertake other reviews and/or assessments or put in place other performance and accountability measures, as he/she deems appropriate on the basis of the performance and accountability framework for the Fund.

5.8 Eligible organizations shall participate in any evaluation or review of the Fund, and shall comply with measures included in the Fund's performance and accountability framework.

5.9 The dedicated Fund website shall continue to contribute to improved accountability and transparency by providing, inter alia, information on the utilization of the Fund and donor contributions.

Section 6
Advisory Group

6.1 The Secretary-General shall appoint an Advisory Group comprising up to 18 independent experts who broadly represent the humanitarian community. The Advisory Group, through the Coordinator, shall provide the Secretary-General with broad policy advice on the implementation of the Fund's mandate as a whole, including on the speed and appropriateness of its allocations. The Advisory Group shall examine the Fund's performance and reporting mechanisms in order to ensure accountability and transparency.

Section 7
Final provisions

7.1 The present bulletin shall enter into force on the date of its issuance.

7.2 Secretary-General's bulletin ST/SGB/2006/10 is hereby abolished.

(*Signed*) **BAN** Ki-moon
Secretary-General